

Message Text

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E.O. 11652: NA

TAGS: ETRD, EAGR, ECON

SUBJECT:SUGAR: U.S. DRAFT ARTICLES FOR STABILIZATION
FUND

REF: STATE 198316

1. AT THE LONDON SUGAR CONSULTATIONS THE U.S. DEL PROMISED
TO PROVIDE JAPAN (OKAMOTO) AND CANADA (EASTHAM) ADVANCE
COPIES OF U.S. DRAFT ARTICLES FOR A SUGAR STABILIZATION
FUND FOR THEIR COMMENTS BEFORE WE SUBMIT ARTICLES TO
CONFERENCE CHAIRMAN JONES-PERRY. THE TEXT OF THE U.S.
DRAFT FOLLOWS. ACTION POSTS REQUESTED TO SUBMIT TO
OKAMOTO AND EASTHAM. WE WOULD APPRECIATE THEIR COMMENTS
BY SEPTEMBER 1, IF POSSIBLE.

2. BEGIN TEXT. CHAPTER...THE SUGAR STABILIZATION FUND.
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ARTICLE I ESTABLISHMENT OF THE FUND.

1. THERE IS ESTABLISHED A SUGAR STABILIZATION FUND,
FOR THE PURPOSE OF ASSISTING EXPORTING MEMBERS IN FINANCING
THE COSTS OF STOCKS REQUIRED TO BE HELD UNDER ARTICLE 43.
2. THE SEAT OF THE FUND SHALL BE AT THE HEADQUARTERS
OF THE INTERNATIONAL SUGAR ORGANIZATION.

3. THE FUND SHALL OPERATE IN ACCORDANCE WITH THIS CHAPTER, AND SUCH RULES, REGULATIONS AND DIRECTIVES AS THE COUNCIL MAY, BY SPECIAL VOTE, ISSUE TO CARRY OUT THE PROVISIONS OF THIS CHAPTER.

4. THE PROVISIONS OF THE CHAPTER SHALL ENTER INTO FORCE ON THE 180TH DAY AFTER ENTRY INTO FORCE OF THE AGREEMENT, OR SUCH EARLIER DATE AS ALL MEMBERS SHALL HAVE INFORMED THE COUNCIL THAT THEY HAVE IMPLEMENTED THE NECESSARY DOMESTIC PROCEDURES TO MEET THE OBLIGATIONS OF THE CHAPTER.

5. (A) ANY MEMBER THAT FAILS TO MEET THE OBLIGATIONS OF THIS CHAPTER AT ANY TIME AFTER ENTRY INTO FORCE OF THE PROVISIONS OF THIS CHAPTER SHALL HAVE ITS VOTING RIGHTS SUSPENDED; (B) ANY MEMBER NOT IN COMPLIANCE WITH ARTICLE III AFTER ENTRY INTO FORCE OF THE PROVISIONS OF THIS CHAPTER SHALL NEVERTHELESS BE RESPONSIBLE FOR PAYMENT OF ANY CONTRIBUTIONS DUE TO THE FUND UNDER ARTICLE III AND NOT PAID AS A RESULT OF SUCH NON-COMPLIANCE.

ARTICLE II. MANAGEMENT OF THE FUND

1. THE ACCOUNTS OF THE FUND SHALL BE MAINTAINED SEPARATE FROM ALL OTHER ACCOUNTS OF THE ORGANIZATION.

2. THE ADMINISTRATIVE BUDGET OF THE FUND SHALL BE PAID FROM THE ACCOUNT OF THE FUND AND SHALL BE SEPARATELY APPROVED BY THE COUNCIL.

3. THE COST OF VERIFICATION OF STOCKS PURSUANT TO ARTICLE() SHALL BE PAID FROM THE ACCOUNT OF THE FUND.

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4. THE ACCOUNTS OF THE FUND SHALL BE AUDITED AT LEAST ANNUALLY BY INDEPENDENT AUDITORS.

ARTICLE III CONTRIBUTIONS TO THE FUND

1. THERE SHALL BE A CONTRIBUTION TO THE FUND OF () U.S. CENTS FOR EACH POUND OF SUGAR TRADED ON THE FREE MARKET THE COUNCIL MAY, BY SPECIAL VOTE, ADJUST OR SUSPEND THE RATE OF CONTRIBUTION EFFECTIVE AT ANY TIME AFTER JANUARY 1, 1980.

2. EACH IMPORTING MEMBER SHALL REQUIRE PRESENTATION OF A CERTIFICATION FROM THE COUNCIL THAT THE REQUIRED CONTRIBUTION HAS BEEN MADE TO THE FUND BEFORE PERMITTING IMPORTATION OF ANY SUGAR FROM THE FREE MARKET INTO ITS CUSTOMS TERRITORY.

3. EACH EXPORTING MEMBER SHALL REQUIRE PRESENTATION OF A CERTIFICATION FROM THE COUNCIL THAT THE REQUIRED CONTRIBUTION HAS BEEN PAID TO THE FUND BEFORE PERMITTING EXPORTATION FROM ITS CUSTOMS TERRITORY OF ANY SUGAR WHICH IS NOT DEMONSTRABLY DESTINED FOR IMPORTATION BY IMPORTING MEMBERS.

4. THE COUNCIL SHALL PROVIDE IN ITS RULES FOR THE ISSUANCE OF UNIFORM CERTIFICATES AND THE COLLECTION OF

CONTRIBUTIONS THROUGH AUTHORIZED AGENTS IN THE TERRITORY OF EACH MEMBER. SUCH RULES SHALL TAKE INTO ACCOUNT THE INTEREST OF THE SUGAR TRADE AND SHALL BE DESIGNED TO AVOID ENCUMBERING THE MOVEMENT OF SUGAR WHILE ENSURING THE INTEGRITY OF THE CONTRIBUTION SYSTEM.

5. ALL CONTRIBUTIONS SHALL BE IN FREELY CONVERTIBLE CURRENCIES, AND SHALL BE EXEMPT FROM FOREIGN EXCHANGE RESTRICTIONS.

6. NOTHING CONTAINED IN THIS ARTICLE SHALL AFFECT THE RIGHT OF ANY BUYER OR SELLER TO REGULATE THE TERMS OF PAYMENT FOR SUPPLIES OF SUGAR BY AGREEMENT BETWEEN THEM.

7. THE CONTRIBUTION RATE FOR REFINED SUGAR TRADED ON THE FREE MARKET SHALL BE ADJUSTED BY THE FACTOR SET FORTH IN ARTICLE ().

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ARTICLE IV. ADDITIONAL RESOURCES OF THE FUND

1. THE FUND MAY ACCEPT UNCONDITIONAL VOLUNTARY CONTRIBUTIONS FROM ANY SOURCE.

2. THE FUND MAY BORROW FROM PRIVATE SOURCES, GOVERNMENTS, OR INTERNATIONAL FINANCIAL INSTITUTIONS, PROVIDED THAT THE COUNCIL, BY SPECIAL VOTE, MUST APPROVE ANY SUCH BORROWING, AND PROVIDED FURTHER THAT NO MEMBER SHALL BE LIABLE FOR SUCH OBLIGATIONS OF THE FUND.

3. THE FUND MAY INVEST FUNDS WHICH ARE TEMPORARILY SURPLUS TO THOSE NEEDED FOR PURPOSES OF ARTICLE V, PROVIDED THAT ANY SUCH INVESTMENT IS AUTHORIZED BY SPECIAL VOTE OF THE COUNCIL AND IS READILY LIQUIDATED IN A MANNER WHICH DOES NOT ENTAIL SIGNIFICANT RISK OF THE LOSS OF PRINCIPAL AMOUNTS INVESTED.

ARTICLE V. LENDING BY THE FUND.

1. SUBJECT TO THE PROVISIONS OF THIS CHAPTER, THE FUND SHALL LEND, FREE OF INTEREST, TO EACH EXPORTING MEMBER HOLDING SUGAR IN STOCKS PURSUANT TO THE REQUIREMENTS OF ARTICLE 43 AN AMOUNT EQUAL TO () CENTS PER POUND PER YEAR. LOANS SHALL BE MADE AVAILABLE ON A QUARTERLY BASIS, BEGINNING WITH THE THIRD QUARTER AFTER ENTRY INTO FORCE OF THE AGREEMENT. THE COUNCIL MAY, BY SPECIAL VOTE, ADJUST THE AMOUNT LENT PER POUND OF SUGAR.

2. NO LOANS FROM THE FUND SHALL BE MADE AVAILABLE TO ANY MEMBER UNLESS SUCH MEMBER PROVIDES TO THE FUND NON-NEGOTIABLE WAREHOUSE RECEIPTS, CERTIFIED BY THE GOVERNMENT OF SUCH MEMBER, FOR THE AMOUNT OF SUGAR REQUIRED TO BE HELD IN STOCKS PURSUANT TO ARTICLE 43, AND HAS AGREED TO VERIFICATION OF THOSE STOCKS PURSUANT TO ARTICLE ().

3. EXPORTING MEMBERS SHALL REPAY TO THE FUND THE AMOUNT OF ANY LOANS ATTRIBUTABLE TO SUGAR REQUIRED TO

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BE MADE AVAILABLE FOR PURCHASE FROM STOCKS PURSUANT TO PARAGRAPH 3 OF ARTICLE 42 WITHIN 30 DAYS OF THE DATE SUCH SUGAR IS SO REQUIRED TO BE MADE AVAILABLE.

4. NO MEMBER SHALL BE REQUIRED TO ACCEPT LOANS FROM THE FUND.

5. NO MEMBER SHALL BE ELIGIBLE FOR LOANS FROM THE FUND DURING ANY PERIOD IN WHICH IT IS NOT IN COMPLIANCE WITH ITS OBLIGATIONS UNDER ARTICLE III OR PARAGRAPH 3 OF THIS ARTICLE.

6. ALL LOANS AND REPAYMENTS SHALL BE IN FREELY CONVERTIBLE CURRENCIES.

ARTICLE VI. PROCEDURES ON TERMINATION OF THE AGREEMENT

1. ON TERMINATION OF THIS AGREEMENT, THE FUND SHALL CEASE TO RECEIVE CONTRIBUTIONS OR TO MAKE AVAILABLE ANY FURTHER LOANS.

2. EXCEPT AS PROVIDED IN PARAGRAPH 3, ALL LOANS OUTSTANDING FROM THE FUND WHICH WERE NOT DUE PURSUANT TO ARTICLE V PRIOR TO TERMINATION OF THE AGREEMENT SHALL BE FORGIVEN.

3. ANY LIABILITIES OF THE FUND SHALL BE REPAYED FROM THE REMAINING ASSETS OF THE FUND. IF THESE ASSETS ARE INSUFFICIENT TO MEET OUTSTANDING LIABILITIES, EXPORTING MEMBERS IN PROPORTION TO THEIR OUTSTANDING BORROWINGS, SHALL REPAY TO THE FUND THE ADDITIONAL AMOUNT NECESSARY TO MEET THE LIABILITIES OF THE FUND.

4. ANY ASSETS OF THE FUND REMAINING AFTER PAYMENT OF ALL LIABILITIES UNDER PARAGRAPH 3 AND PAYMENT OF THE COSTS OF LIQUIDATION SHALL BE DISTRIBUTED TO MEMBERS IN PROPORTION TO THEIR SHARE OF FREE MARKET IMPORTS AND EXPORTS WHILE THIS CHAPTER WAS IN FORCE, EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH 5.

5. THE COUNCIL MAY, BY SPECIAL VOTE PRIOR TO TERMINATION OF THE AGREEMENT, DECIDE TO DISTRIBUTE ANY ASSETS REMAINING AFTER PAYMENT OF ALL LIABILITIES TO A COMPARABLE FUND ESTABLISHED OR CONTINUED BY A SUCCESSOR INTERNATIONAL SUGAR AGREEMENT TO THIS AGREEMENT, PROVIDED THAT

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SUCH SUCCESSOR AGREEMENT ENTERS INTO FORCE WITHIN SIX MONTHS OF TERMINATION OF THE AGREEMENT AND PROVIDED FURTHER THAT ANY PARTY TO THIS AGREEMENT SHALL BE ENTITLED TO RECEIVE ITS PROPORTIONAL SHARE OF THE ASSETS DETERMINED PURSUANT TO PARAGRAPH 4, UPON NOTIFICATION TO THE COUNCIL PRIOR TO TERMINATION OF THIS AGREEMENT OR IF SUCH PARTY DOES NOT BECOME A PARTY TO SUCH SUCCESSOR

AGREEMENT WITHIN SIX MONTHS OF THE ENTRY INTO FORCE OF
SUCH SUCCESSOR AGREEMENT. END TEXT. CHRISTOPHER

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